

STATEMENT OF PURPOSE

RS22420C1

Title 41, Chapter 54, Idaho Code, provides a risk based capital (RBC) reporting requirement and monitoring system for insurance companies. The RBC system measures an insurance company's actual capital level against a hypothetical level based on a formula calculated per NAIC (National Association of Insurance Commissioners) instructions and submitted in an RBC report with an insurer's annual statement filing. The RBC system also authorizes automatic regulatory action by the Director of the Idaho Department of Insurance based on defined levels of capital impairment.

This proposed legislation would broaden the scope of RBC oversight to include fraternal benefit societies and hospital and professional service corporations licensed by the Director of the Department of Insurance. It would broaden the scope of the existing early warning trigger for a life insurance company to file an RBC plan with the Director. The legislation would clarify the confidential nature and privacy protection of RBC reports and related information filed with the Director by insurance companies and other entities. These proposed changes are reflected in model RBC laws of the NAIC, which models are or will in the future be required for the Idaho Department of Insurance to maintain NAIC accreditation. NAIC accreditation of the Department of Insurance is an important aspect of efficient and cooperative insurance regulation by and among the states.

FISCAL NOTE

No fiscal impact is expected.

Contact:

Bill Deal
Department of Insurance
(208) 334-4206